ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY



W-01917A DRAGOON WATER CO. 3950 W. WOODRIDGE DRIVE GLENDALE, AZ 85308

RECEIVED

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4. CORP COMM

ANNUAL REPORT

FOR YEAR ENDING

12 31 2007

FOR COMMISSION USE

ANN 04 07

PROCESSED BY:

SCANNED

COMPANY INFORMATION

Mailing Address3950 W. WOOD	RIDGE DRIVE	
(Street) <u>GLENDALE</u>	AZ	85308
(City)	(State)	(Zip)
(602) 818-6888	(602) 547-2299	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
mail Address		
ocal Office Mailing Address SA	ME AS ABOVE	
Email AddressSA		
Local Office Mailing Address SA	ME AS ABOVE	(Zip)
Local Office Mailing AddressSA	Street) (State)	(Zip) Cell No. (Include Area Code)

MANAGEMENT INFORMATION

anagement Contact: <u>KEVIN</u>	SULLIVAN	PRESI	· ·
	(Name)	(1	itle)
3950 W. WOODRIDGE DRIVE	GLENDALE	AZ.	85308
(Street)	(City)	(State)	(Zip)
(602) 818-6888	(602) 547-2299		
	Park Mar (Tandada Anan (Yada)	Call No. (Inc.	lude Area Code)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cen No. (inc.	idde Area Code,
Telephone No. (Include Area Code) nail Address	rax No. (Include Area Code)	Cell No. (Inc	rade Area code)
mail Address	· · · · · · · · · · · · · · · · · · ·		nuce Area Code)
nail Address	STERN UTILITY MANAGEMEN		nuc Area Code)
mail Address	· · · · · · · · · · · · · · · · · · ·		nuc Area Code)
mail Address	STERN UTILITY MANAGEMEN		85745
nail Address	STERN UTILITY MANAGEMEN (Name)	NT, INC.	
nail AddressSOUTHWESOUTHWESOUTHWE	STERN UTILITY MANAGEMEN (Name) TUCSON	NT, INC.	85745

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: RICHARD L.	SALLQUIST (Name)	
2525 E. ARIZONA BILTMORE CIRCLE #117_ (Street)	PHOENIX (City)	AZ 85016 (State) (Zip)
(602) 224-9222 Telephone No. (Include Area Code)	Fax No. (Include Area Code	Call No. (Include According
-	rax No. (metude Area Code	Cell No. (Include Area Code)
Attorney: SAME AS ABOVE	(Name)	
	(Parity)	
(Street)	(City)	(State) (Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address		
Please mark this box if the above a	ddress(es) have changed or ar	e updated since the last filing.
<u>OW</u>	NERSHIP INFORMATI	<u>ON</u>
Check the following box that applies to y	our company:	
Sole Proprietor (S)	C Corporation	(C) (Other than Association/Co-op)
Partnership (P)	☐ Subchapter S C	orporation (Z)
☐ Bankruptcy (B)	Association/Co-	op (A)
Receivership (R)	Limited Liabilit	y Company
Other (Describe)		
	COUNTIES SERVED	
Check the box below for the county/ies is	n which you are certificated to p	provide service:
□ АРАСНЕ	⊠ COCHISE	☐ COCONINO
☐ GILA	☐ GRAHAM	☐ GREENLEE
☐ LA PAZ	☐ MARICOPA	☐ MOHAVE
☐ NAVAJO	☐ PIMA	☐ PINAL
☐ SANTA CRUZ	☐ YAVAPAI	☐ YUMA
☐ STATEWIDE		

UTILITY PLANT IN SERVICE

Acet. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	6,983		6,983
302	Franchises			
303	Land and Land Rights	5,187		5,187
304	Structures and Improvements	29,114	17,484	11,630
307	Wells and Springs	50,099	18,914	31,185
311	Pumping Equipment	170,907	170,907	0
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	96,107	49,474	46,633
331	Transmission and Distribution Mains	207,435	76,842	130,593
333	Services	16,621	6,676	9,945
334	Meters and Meter Installations	27,272	18,624	8,648
335	Hydrants	633	122	511
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	4,045	3,377	668
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	280	42	238
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	15,575	8,447	7,128
	TOTALS	630,258	370,909	259,349

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME DRAGOON WATER CO., INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acet. No.	DESCRIPTION	Original	Depreciation	Depreciation (1-2)
140.	DESCRIPTION	Cost (1)	Percentage (2)	Expense (1x2)
301	Organization	6,983		
302	Franchises			
303	Land and Land Rights	5,187		
304	Structures and Improvements	29,114	3.33%	969
307	Wells and Springs	50,099	3.33%	1,668
311	Pumping Equipment	170,907	12.50%	7,919
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	96,107	2.22%	2,134
331	Transmission and Distribution Mains	207,435	2.00%	4,149
333	Services	16,621	3.33%	
334	Meters and Meter Installations	27,272	8.33%	2,272
335	Hydrants	633	3.33%	·
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	4,045	6.67%	270
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	280	5.00%	14
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	15,575	2.50%	389
	SUBTOTAL	630,258		20,358
	Less: Amortization of Contributions			7,078
	TOTAL	630,258		13,280

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



To the Board of Directors of Dragoon Water Co., Inc. Glendale, Arizona

We have compiled the balance sheet of Dragoon Water Co., Inc. (a corporation) as of December 31, 2007 and 2006, and the comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

ULLMANN & COMPANY, P.C. Certified Public Accountants

Ullman & Company

March 6, 2008

COMPANY NAME DRAGOON WATER CO., INC.

BALANCE SHEET

Acct.			ANCE AT		LANCE AT END OF
110.	ASSETS	YEAR		YEAR	
	CUIDDENT AND A CODUED ACCEPTS				
121	CURRENT AND ACCRUED ASSETS	 	50055	Φ.	10.010
131	Cash	\$	50,355	\$	42,343
134	Working Funds				
135	Temporary Cash Investments				
141	Customer Accounts Receivable		9,690		11,656
146	Notes/Receivables from Associated Companies				
151	Plant Material and Supplies				
162	Prepayments				
174	Miscellaneous Current and Accrued Assets		12,349		15,717
	TOTAL CURRENT AND ACCRUED ASSETS		·		· · · · · · · · · · · · · · · · · · ·
		\$	72,394	\$_	69,716
	FIXED ASSETS				
101	Utility Plant in Service	\$	620,787	\$	630,257
103	Property Held for Future Use				
105	Construction Work in Progress				
108	Accumulated Depreciation - Utility Plant		350,550		370,909
121	Non-Utility Property				
122	Accumulated Depreciation - Non Utility	<u> </u>			
	TOTAL FIXED ASSETS	\$	270,237	\$	259,348
	TOTAL ASSETS	•	3/2 631	•	329,064
	TOTAL ASSETS	\$	342,631	\$	329

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME DRAGOON WATER CO., INC.

BALANCE SHEET (CONTINUED)

Acct.		BALANCE AT BEGINNING OF YEAR		1	LANCE AT END OF
	LIABILITIES			YEAR	
	CURRENT LIABILITES				
231	Accounts Payable	\$	2,961	\$	
232	Notes Payable (Current Portion)		12,680		13,130
234	Notes/Accounts Payable to Associated Companies				
235	Customer Deposits		2,880		3,095
236	Accrued Taxes		3,931		3,642
237	Accrued Interest				
241	Miscellaneous Current and Accrued Liabilities		46		0
	TOTAL CURRENT LIABILITIES	\$	22,498	\$	19,867
	LONG-TERM DEBT (Over 12 Months)				
224	Long-Term Notes and Bonds	\$	152,205	\$	142,449
	DEFERRED CREDITS				
251	Unamortized Premium on Debt	i			
252	Advances in Aid of Construction		64,083		62,582
255	Accumulated Deferred Investment Tax Credits				
271	Contributions in Aid of Construction		125,935		125,935
272	Less: Amortization of Contributions	1	57,453		64,531
281	Accumulated Deferred Income Tax				
	TOTAL DEFERRED CREDITS	\$	132,565	\$	123,986
	TOTAL LIABILITIES	\$	307,268	\$	286,302
	CAPITAL ACCOUNTS		46.00-		
201	Common Stock Issued	\$	13,000	\$	13,000
211	Paid in Capital in Excess of Par Value	<u> </u>	168,642		168,642
215	Retained Earnings		(146,279)		(138,880)
218	Proprietary Capital (Sole Props and Partnerships)		<u> </u>		
	TOTAL CAPITAL	\$	35,363	\$	42,762
	TOTAL LIABILITIES AND CAPITAL	\$	342,631	\$	329,064

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIO	R YEAR	CURRENT	YEAR
461	Metered Water Revenue	\$	107,244	\$	104,238
460	Unmetered Water Revenue		· · · · · · · · · · · · · · · · · · ·		
474	Other Water Revenues		1,226		942
	TOTAL REVENUES	\$	108,470	\$	105,180
	OPERATING EXPENSES				
601	Salaries and Wages				
610	Purchased Water				
615	Purchased Power		9,177		11,682
618	Chemicals				· · · · · · · · · · · · · · · · · · ·
620	Repairs and Maintenance		1,979		2,833
621	Office Supplies and Expense		1,077		668
630	Outside Services		47,020		49,825
635	Water Testing		1,013		1,186
641	Rents		306		741
650	Transportation Expenses				
657	Insurance - General Liability		1,239		0
659	Insurance - Health and Life				
666	Regulatory Commission Expense - Rate Case				
675	Miscellaneous Expense		5,145		5,584
403	Depreciation Expense		22,471		13,280
408	Taxes Other Than Income				
408.11	Property Taxes		5,487	, , , , , , , , , , , , , , , , , , , ,	5,657
409	Income Tax		750		282
	TOTAL OPERATING EXPENSES	\$	95,664	\$	91,738
	OTHER INCOME/EXPENSE				
419	Interest and Dividend Income	\$	_	\$	1,555
421	Non-Utility Income				
426	Miscellaneous Non-Utility Expenses				
427	Interest Expense		2,922		7,598
	TOTAL OTHER INCOME/EXP	\$	(2,922)	\$	(6,043)
······································	NET INCOME/(LOSS)	\$	9,884	\$	7,399

SUPPLEMENTAL FINANCIAL DATA Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	VARIES			
Source of Loan	WIFA			
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 196,383	\$	\$	\$
Amount Outstanding	\$ 155,579	\$	\$	\$
Date of Maturity	04/01/2018			
Interest Rate	4.688%	%	%	%
Current Year Interest	\$ 7,533	\$	\$	\$
Current Year Principle	\$ 9,306	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 6,320
Meter Deposits Refunded During the Test Year	\$ 1,060

COMPANY NAME DRAGOON WATER CO., INC.

Name of System: DRAGOON WATER CO., INC. ADEQ Public Water System Number: 02-015

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-631739	15	55		12	3	
55-631738	30	200		12	4	

^{*} Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2.		
15	2		
10	2		
1.5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
40,000	1	5,000	2
20,000	1	2,000	1
5,000	1	100	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAM	E DRAGOON WATER CO., INC.	
Name of System:	DRAGOON WATER CO., INC.	ADEQ Public Water System Number: 02-015

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		

Cinc (in in above) Managina T (I. (C. C. A.)			
Size (in inches)	Material	Length (in feet)	
2	PVC	300	
3	AC	2,830	
4	AC	4,030	
5			
6	AC	600	
8			
10			
12			
3	PVC	16,418	
4	PVC	9,637	
6	PVC	7,460	
6	PVC	1,400	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ³ / ₄	120
3/4	-
1	20
1 1/2	
2	2
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

STRUCTURES:
10' X 10' Pump House
10' X 12' Pump House
1200 ft of 6' Chain Link Fence
5' x 5' Booster House
2 Storage Shops

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	DRAGOON WATER CO., II	NC.
Name of System: DRA	GOON WATER CO., INC.	ADEO Public Water System Number: 02-015

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	142	728	806	0
FEBRUARY	142	532	628	0
MARCH	142	679	727	0
APRIL	142	874	948	0
MAY	142	991	1,054	0
JUNE	142	1,161	1,313	0
JULY	142	1,733	4,344	0
AUGUST	142	818	1,035	0
SEPTEMBER	142	899	998	0
OCTOBER	142	731	781	0
NOVEMBER	142	774	899	0
DECEMBER	142	818	797	0
	TOTALS →	10,738	14,330	

What is the level of arser (If more than one well, please	nic for each well on your system e list each separately.)	? <u><0.003</u> <0.003	mg/l	
If system has fire hydran	ts, what is the fire flow requiren	nent? <u>N/A</u>	_GPM for	_hrs
If system has chlorination () Yes	n treatment, does this treatment (X) No	system chlor	inate continuou	ısly?
Is the Water Utility locat () Yes	ed in an ADWR Active Manage (X)No	ment Area (AMA)?	
Does the Company have () Yes	an ADWR Gallons Per Capita P (X) No	er Day (GPO	CPD) requiremo	ent?
If yes, provide the GPCP	D amount:			

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME DRAGOON WATER CO., INC.	YEAR ENDING 12/31/2007
PROPERTY TAXES	
Amount of actual property taxes paid during Calendar Year 2007 was: \$	5,572
Attach to this annual report proof (e.g. property tax bills stamped "paid in fu property tax payments) of any and all property taxes paid during the calendary	ll" or copies of cancelled checks for ryear.
If no property taxes paid, explain why	

VERIFICATION AND SWORN STATEMENT Taxes

FECENTI

MAR 1 2 2002

12 JORP DOMM. Drector Unimas

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

	2 10 10 10 10 10 10 10 10 10 10 10 10 10	A HILLIAN
COUNTY OF (COUNTY NAME)		
COCHISE		
NAME (OWNER OR OFFICIAL) TITLE		
KEVIN SULLIVAN, PRESIDENT		
COMPANY NAME		
DRAGOON WATER CO., INC.		

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL

602 818-6888 TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME MARICOPA

MONTH MARCH

.20<u>0</u> 🕏

DEIDRE G. WALTERS
OTARY PUBLIC -- ARIZONA
MARICQBB COUNTY
My Commission Expires

My Commission Éxpires
December 13, 2011

2-13-2011

DAY OF

SIGNATURE OF NOTARY PUBLIC

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax Liability

State Taxable Income Reported
Estimated or Actual State Tax Liability

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances

Amount of Gross-Up Tax Collected

N/A

YEAR ENDING 12/31/2007

YEAR ENDING 12/31/2007

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

N/A

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

Total Grossed-Up Contributions/Advances

PRINTED NAME

DATE

TITLE

VERIFICATION AND SWORN STATEMENT

Intrastate Revenues Only

VERIFICATION STATE OF ARIZONA I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	
COCHISE	
NAME (OWNER OR OFFICIAL) TITLE	
KEVIN SULLIVAN, PRESIDENT	
COMPANY NAME	
DRAGOON WATER CO., INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH YEAR 12 31 2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE **UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:**

> Arizona Intrastate Gross Operating Revenues Only (\$) \$ 111,661

(THE AMOUNT IN BOX ABOVE **INCLUDES \$** 6,481 IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON. THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

OMMISSION EXPIRES

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

DAY OF NOTARY RUBLIC - ARIZONA MARICOPA CHATY My Commission Expires December 13, 2011

To full
SIGNATURE OF OWNER OR OFFICIAL SIGNATURE OF OWNER OR OFFICIAL
TELEPHONE NUMBER

.2008 MONTH

VERIFICATION AND **SWORN STATEMENT** RESIDENTIAL REVENUE



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) COCHISE	
NAME (OWNER OR OFFICIAL) KEVIN SULLIVAN	TITLE PRESIDENT
COMPANY NAME DRAGOON WATER CO., INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH DAY **YEAR** 12 31 2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01. ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

THE AMOUNT IN BOX AT LEFT **INCLUDES \$** 5,177

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

818-688

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

DAY OF

WALTERS

DEIDRE G. WALTERS

NOTARY PUBLIC -- ARIZONA MARICOPA COUNTY My Commission Expires December 13, 2011

MY COMMISSION EXPIRES